

August 31<sup>st</sup>, 2020

# Revised Structural Parameters for 2021 Budget Law

Santiago, August 31<sup>st</sup>, 2020.

In the context of the preparation of the 2021 Budget Law, the Committees' of Experts for trend GDP and long-term copper prices published their results on Friday August 28<sup>th</sup>. Trend GDP growth for 2021 was estimated at 1.5% and long-term copper price was estimated at USD2.88 / lb.

These parameters are key inputs for the estimation of structural revenues. As required by law, the 2021 Budget will be sent to Congress by the end of September-2020.

The press release with links to the technical minutes of each Committee are available at the following link:

<https://www.hacienda.cl/noticias-y-eventos/noticias/resultados-de-los-comites-de-expertos-del-pib-tendencial-y-precio-de-referencia>

## The Estimates in the Structural Balance policy

The estimation of these parameters is a fundamental part of the Structural Balance policy that has been implemented since 2001. These parameters are used to estimate the income that the Central Government would obtain, excluding the effect of cyclical fluctuations in both economic activity and the price of copper.

As of June 2017, following the advice of the Fiscal Advisory Council and in order to provide greater transparency to the process of determining the structural parameters, the functioning of these committees of independent experts was improved, creating a public registry of experts and giving a more active role to the Fiscal Advisory Council in its operation.

The Autonomous Fiscal Council participates in the selection process in the Committees' of Experts, when vacancies arise, and also attends the sessions in which the structural parameters' estimation process begins, as observers.